ANNUAL REPORT

April 1, 1990 - March 31, 1991

92-02175/

1991 ANNUAL REPORT

TABLE OF CONTENTS

Minister's Message	**2**
Message from the Board of Directors	**3**
ADF Profile	**4**
Auditors' Report	**5**
Financial Section	**6**

LETTER OF TRANSMITTAL

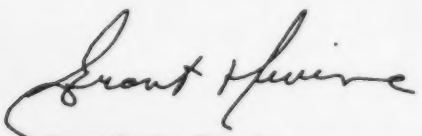
Regina, Saskatchewan
July 20, 1990

To Her Honour
The Honourable Sylvia Fedoruk
Lieutenant Governor of the Province of Saskatchewan

Madam:

I have the honour to submit herewith the Annual Report of the Saskatchewan Agriculture Development Fund (ADF) for the 1990-91 fiscal year. This report includes financial statements in the form approved by the Treasury Board and duly certified in accordance with The Agriculture Development Fund Act.

I have the honour to be, Madam,
Your obedient servant,



Grant Devine, Premier,
Minister responsible for
Saskatchewan Agriculture Development Fund

MINISTER'S MESSAGE

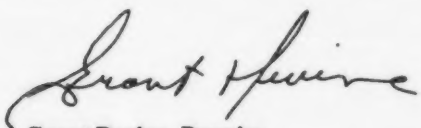
As Minister responsible for the Saskatchewan Agriculture Development Fund (ADF), I am pleased to present the annual report for the twelve-month period April 1, 1990 to March 31, 1991.

In 1985 the Government of Saskatchewan made a commitment to the future of Saskatchewan's agriculture and food industry through the establishment of the ADF. On October 1, 1989, that commitment was renewed through the creation of **The Agriculture Development Fund Act**.

The new act establishes the ADF as a corporate body allowing it to more efficiently manage joint projects with the industry and other government agencies. The act also provides the ADF with the power to administer funds for other organizations.

The ADF is now under the direction of a board of directors made up of members of the agri-food industry. This provides greater producer and industry direction.

Producers, industry and government must work together to ensure the future of the Saskatchewan agriculture and food industry. I am confident that the ADF will play a vital role in that future.



Grant Devine, Premier,
Minister responsible for
Saskatchewan Agriculture Development Fund (ADF)

Message from the ADF Board of Directors

Since its establishment in 1985, the Saskatchewan Agriculture Development Fund (ADF) has become a vital tool for implementing Saskatchewan-based initiatives in food and agricultural research, development and demonstration projects. The ADF also plays a major role in supporting federal-provincial initiatives and long-term investments such as the construction of a new College of Agriculture building at the University of Saskatchewan and numerous irrigation development projects.

More than 1,760 individual research, development and demonstration projects have been approved since 1985, resulting in an expenditure of more than $70 million.

In addition to individual projects, the ADF has disbursed $11.6 million to the University of Saskatchewan under the Strategic Funding Agreement. The ADF has committed $24 million to a three-year, $54 million, federal-provincial Soils Accord; $9-million to a five-year agreement with AgWest Biotech Inc. to support biotechnology research suitable for commercial application; and $2.3 million to the federal-provincial Farm Management Initiative.

The ADF has also made a long-term commitment of $40 million toward construction of the new College of Agriculture at the University of Saskatchewan. An additional $40 million has been expended on capital irrigation development projects.

The success that the ADF has achieved can be measured by the people who are involved in our many projects. We provide funding for research, development, demonstration and food projects, but the individuals who apply for that funding are the true success stories. They have taken the initiative to explore new ways to help Saskatchewan's agriculture and food industry remain competitive and profitable. We are proud to assist them.

Stuart Kramer

Stuart Kramer, Chairman
Deputy Minister of Saskatchewan Agriculture and Food

ADF Profile

The Saskatchewan Agriculture Development Fund (ADF) is the provincial funding agency for agriculture and food-related research, development and demonstration projects. The ADF was established in 1985 and became a corporate entity in October, 1989.

The ADF is governed by a 10-member board of directors which includes: producers, agricultural businessmen, the western region Director General of research for Agriculture Canada and the Deputy Minister of Saskatchewan Agriculture and Food.

Applications for research and development projects are processed four times a year, while demonstration applications are processed five times per year. Food project applications requesting $10,000 or less of ADF funding are accepted monthly.

Project applications are reviewed by appropriate technical review committees. The applications, together with the committee's evaluations and recommendations, are forwarded to the ADF Board of Directors for final review and a funding decision.

Successful applicants are then invited to enter into a contract with the Saskatchewan Agriculture Development Fund.

To keep both parties informed of project progress, mutually agreed upon reporting dates are identified for the duration of the contract.

The ADF is committed to making project results available to the agriculture and food industry and the general public. Final reports outlining data and results are prepared by each applicant upon completion of the project and are distributed through ADF. Project information and results are also entered on a computerized database accessible to the public via SaskTel.

For more information, contact:

Saskatchewan Agriculture Development Fund
3085 Albert Street
Regina, Saskatchewan
S4S 5W6
Phone: 787-6566

AUDITORS' REPORT

Saskatoon, Canada
May 30, 1991

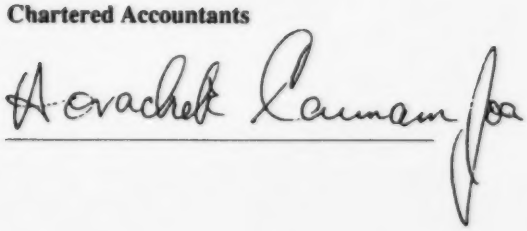
To the Members of the Legislative Assembly
Province of Saskatchewan

We have audited the balance sheet of **The Agriculture Development Fund** as at March 31, 1991 and the statements of revenue and expenditures and operating surplus and changes in cash position for the year then ended. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 1991 and the results of its operations and the changes in its cash position for the year then ended in accordance with generally accepted accounting principles.

Chartered Accountants



BALANCE SHEET

MARCH 31, 1991

	1991	1990
Assets		
Current assets:		
Due from Consolidated Fund of Saskatchewan	**$ 9,906,459**	7,308,672
Accounts receivable	**708**	—
Total current assets	**9,907,167**	7,308,672
Fixed assets (note 2)	**322,969**	150,014
	$ 10,230,136	7,458,686
Liabilities and Equity		
Current liabilities:		
Accounts payable - administration (note 3)	**$ 45,367**	39,877
- projects (note 3)	**1,029,507**	3,773,497
Accrued liabilities	**18,052**	16,792
Total current liabilities	**1,092,926**	3,830,166
Deferred project revenue (note 4)	**8,462,498**	3,368,881
Equity:		
Operating surplus, per accompanying statement (note 5)	**351,743**	109,625
Equity in fixed assets	**322,969**	150,014
Total equity	**674,712**	259,639
	$ 10,230,136	7,458,686

See accompanying notes.

On behalf of the Board:

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Chairperson of the Board

Statement of Revenue and Expenditures and Operating Surplus

For the year ended March 31, 1991 with comparative figures for the Six (6) month period ended March 31, 1990

	Administration	Projects (Schedule 1)	1991 Total (12 months)	1990 Total (6 months)
Revenue:				
Saskatchewan Agriculture and Food	$ 1,500,000	21,126,882	**22,626,882**	11,730,664
Recovery of project payments	—	269,703	**269,703**	—
Miscellaneous	2,752	1,738	**4,490**	—
	1,502,752	21,398,323	**22,901,075**	11,730,664
Expenditures				
Advertising	113,393	423	**113,816**	—
Fixed asset purchases	172,955	—	**172,955**	150,014
Computer processing	97,675	—	**97,675**	21,227
Copying and printing	63,306	—	**63,306**	9,333
Couriers and freight	2,585	62	**2,647**	6,137
Directors fees and expenses	77,510	7,018	**84,528**	14,338
Education	—	4,676	**4,676**	2,356
Grants and consultants	—	21,003,474	**21,003,474**	10,962,955
Miscellaneous	9,937	3	**9,940**	2,408
Office supplies	108,626	4,789	**113,415**	10,204
Printing	118,748	—	**118,748**	78,177
Professional fees	13,365	—	**13,365**	9,000
Rent	6,361	75	**6,436**	424
Repairs and maintenance	5,579	—	**5,579**	362
Seeds	—	—	**—**	2,844
Special consultants	—	—	**—**	91,958
Telephone	51,184	—	**51,184**	17,832
Travel	73,739	—	**73,739**	19,653
Wages and benefits	723,474	—	**723,474**	221,817
Total expenditures	1,638,437	21,020,520	**22,658,957**	11,621,039
Excess (deficiency) of revenue over expenditures for the period	$ (135,685)	377,803	**242,118**	109,625
Operating surplus at beginning of period			**109,625**	—
Operating surplus at end of period			**$ 351,743**	109,625

See accompanying notes.

STATEMENT OF CHANGES IN CASH POSITION

FOR THE YEAR ENDED MARCH 31, 1991 WITH COMPARATIVE FIGURES FOR THE SIX (6) MONTH PERIOD ENDED MARCH 31, 1990

	1991 (12 months)	1990 (6 months)
Operating activities:		
Excess of revenue over expenditures for the period	$ 242,118	109,625
Changes in non-cash working capital balances:		
Accounts receivable	(708)	—
Accounts payable - administration	5,490	39,877
- projects	(2,743,990)	3,773,497
Accrued liabilities	1,260	16,792
Deferred project revenue	5,093,617	3,368,881
	2,355,669	7,199,047
Cash provided by operating activities	2,597,787	7,308,672
Net cash increase during the period	2,597,787	7,308,672
Cash held in Consolidated Fund of Saskatchewan at beginning of period	7,308,672	—
Cash held in Consolidated Fund of Saskatchewan at end of period	$ 9,906,459	$7,308,672

See accompanying notes.

1. Significant Accounting Policies

a) Basis of accounting

These financial statements have been prepared on the full accrual basis, reflecting all assets, liabilities, revenue and expenditures in accordance with the accounting policies outlined below.

b) Revenue recognition

i) Projects

Project revenue received is recognized in the period that the related expenditure is incurred. Any revenues received for which the related expenditures have not been incurred are recorded as deferred revenue.

ii) Administration

Revenue received for the administration of the Fund is recognized as such in the period in which it is received.

c) Project expenditures

Expenditure advances to projects are recorded as expenditures during the period in which the advance was made. If, at the completion or termination of a project, it is determined that there are excess monies which should be returned to the Fund, these recoveries are recorded as such during the period in which the project ends.

d) Fixed assets

In common with many non-profit organizations, fixed asset purchases are charged to expense in the year of acquisition. To maintain accountability for these purchases, corresponding entries are made to capitalize them on the balance sheet as an asset with an offsetting entry to equity in fixed assets. Consistent with this treatment, depreciation is not provided for in the accounts.

e) Donated goods and services

The Fund has chosen not to record the fair market value of goods and services provided without charge to it by various other provincial government departments. Saskatchewan Agriculture and Food was the major provider of such donated goods and services to the Fund. During the fiscal period some of the more significant donated goods and services to the Fund included:

- office space
- accounting services
- computer services
- employer's share of employee benefits
- photocopying and postage
- library services

2. Fixed Assets

Fixed assets carried in these financial statements are at cost and are comprised only of amounts incurred by the Fund since October 1, 1989. Fixed assets which were inherited by the Fund for no consideration on October 1, 1989 from Saskatchewan Agriculture and Food have not been recorded in these financial statements as no record was maintained of the value of such fixed assets. Fixed assets acquired since October 1, 1989 are comprised of the following:

	1991	1990
Furniture and equipment	$ 47,391	21,637
Computer hardware	274,183	128,377
Computer software	1,395	—
Equity in fixed assets	$ 322,969	150,014

3. Accounts Payable

a) Related parties

Accounts payable at year end include amounts payable to various Government of Saskatchewan agencies, departments and Crown Corporations for goods and services provided to the Fund on normal terms and conditions.

b) Projects

Project liabilities are recorded when contractual conditions for payment such as submission of reports and invoices have been fulfilled.

4. Deferred Project Revenue

As explained in note 1 b, project revenue received in excess of the related project expenditures incurred is deferred until the related expenditures are incurred. At year-end, deferred project revenue is comprised of the following:

	1991	1990
Research, Development, Demonstration	$ 4,010,306	2,404,374
Economic and Regional Development Agreement	1,950,656	464,307
Economic and Regional Development Agreement - Irrigation	56,800	200
Commercialization	754,000	500,000
Canada - Saskatchewan Soil Conservation Agreement	1,068,999	—
AgWest Biotech Inc.	298,744	—
Food and Agri-Processing Development	322,993	—
Total	$ 8,462,498	3,368,881

5. Operating Surplus

Due to the nature of the funding provided to the Fund by Saskatchewan Agriculture and Food, Treasury Board retains the right, at its discretion, to withdraw that portion of the funding represented by operating surplus. Management of the Fund is not aware at this time of any intent on the part of Treasury board to withdraw any or all of this amount.

6. Commitments

At March 31, 1991 the Fund had outstanding financial commitments to various projects under a variety of programs all of which were subject to appropriate funding being made available. Due to the uncertainty as to the continued availability of project funding and also, since certain payments are made only at the discretion of the Treasury Board, it is not possible to quantify future commitments beyond the 1991 fiscal year. Payments for which the Fund is contractually committed in 1992, which are in addition to those items recorded as liabilities on the balance sheet, are as follows:

Research, development and demonstration approved projects	**$ 11,628,001**
Economic and Regional Development Agreement	**36,620**
Canada - Saskatchewan Soil Conservation Agreement	**2,412,920**
AgWest Biotech Inc.	**892,969**
Commercialization	**428,750**
Saskatchewan Water Corporation	**3,476,000**
College of Agriculture Building, University of Saskatchewan	**5,543,000**
Food and Agri-Processing Development	**437,223**
Total Commitments	**$ 24,855,483**

STATEMENT OF PROJECT REVENUE AND EXPENDITURES

FOR THE YEAR ENDED MARCH 31, 1991 WITH COMPARATIVE FIGURES FOR THE SIX (6) MONTH PERIOD ENDED MARCH 31, 1990

	Saskatchewan Water Corporation-Individual Irrigation Projects	Saskatchewan Water Corporation	College of Agriculture Building, University of Saskatchewan	Food and Agri-Processing Development	AgWest Biotech Inc.	Commercialization
Revenue:						
Saskatchewan Agriculture and Food	$ 1,000,000	1,976,000	1,798,500	577,007	1,321,256	446,000
Expenditures:						
Grants and consultants	1,000,000	1,976,000	1,798,500	577,007	1,271,256	446,000
Excess of revenues over expenditures for the period	$ —	—	—	—	50,000	—

	Research Development Demonstration	Economic and Regional Development Agreement	Economic and Regional Development Agreement Irrigation	Canada-Saskatchewan Soil Conservation Agreement	1991 Total (12 months)	1990 Total (6 months)
Revenue:						
Saskatchewan Agriculture and Food	$10,782,268	(83,349)	(56,800)	3,366,000	**21,126,882**	10,738,264
Recovery of project payments	168,753	44,150	56,800	—	**269,703**	—
Miscellaneous	1,738	—	—	—	**1,738**	—
	10,952,759	(39,199)	—	3,366,000	**21,398,323**	10,738,264
Expenditures:						
Advertising	—	423	—	—	**423**	—
Couriers and freight	—	62	—	—	**62**	5,535
Directors' fees and expenses	—	7,018	—	—	**7,018**	7,240
Education	—	4,676	—	—	**4,676**	2,356
Grants and consultants	10,952,759	(56,245)	—	3,038,197	**21,003,474**	10,962,955
Miscellaneous	—	3	—	—	**3**	995
Office supplies	—	4,789	—	—	**4,789**	1,704
Printing	—	—	—	—	**—**	78,177
Rent	—	75	—	—	**75**	424
Seeds	—	—	—	—	**—**	2,844
Special consultants	—	—	—	—	**—**	91,958
Travel	—	—	—	—	—	3,948
Wages and benefits	—	—	—	—	**—**	14,732
Total expenditures	10,952,759	(39,199)	—	3,038,197	**21,020,520**	11,172,868
Excess of expenditures over revenue paid for the period	$ —	—	—	327,803	**377,803**	(434,604)